

Message Text

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TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 220371

E.O. 11652: N/A

TAGS: EGEN, US, XF

SUBJECT: JOINT ECONOMIC COOPERATION COMMISSIONS

REF: JAKARTA 11785

1. YOUR UNDERSTANDING OF JOINT COMMISSION FORMS (REFTEL
PARA 2) IS PRECISE.

2. THE FOLLOWING INFORMATION IS PROVIDED AS GENERAL BACK-
GROUND. WITH SELECTED COUNTRIES, PRINCIPALLY IN THE NEAR
EAST, FOUR COMMISSIONS (SAUDI ARABIA, EGYPT, ISRAEL, AND
JORDAN) HAVE ALREADY BEEN FORMED, TWO MORE WILL BE ESTAB-
LISHED THIS FALL (IRAN AND INDIA), AND AT LEAST ONE OTHER
(ALGERIA) MAY BE CREATED IN THE NEAR FUTURE. COMMISSIONS
ARE BROKEN DOWN INTO WORKING GROUPS OR SUBCOMMISSIONS, WHICH
MEET ALTERNATELY IN THE HOST COUNTRY AND IN WASHINGTON.

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3. INDIVIDUAL COUNTRY ARRANGEMENTS

A. SAUDI ARABIA - THE ARRANGEMENT IS COMPRISED OF THE JOINT COMMISSION ON ECONOMIC COOPERATION AND THE JOINT COMMISSION ON DEFENSE COOPERATION. WORKING GROUPS (WG'S) WITHIN THE ECONOMIC COOPERATION COMMISSION DEAL WITH INDUSTRIALIZATION, MANPOWER AND EDUCATION, SCIENCE AND TECHNOLOGY, AND AGRICULTURE. THE PROBLEM IN SAUDI ARABIA IS NOT MONEY, BUT RATHER A LACK OF TECHNOLOGY, PLANNING, AND

MANAGEMENT. OUR BILATERAL COMMISSION EFFORTS ARE DESIGNED TO ASSIST IN THESE AREAS.

B. EGYPT - THE U.S.-EGYPTIAN JOINT COOPERATION COMMISSION IS COMPRISED OF WG'S ON ECONOMIC AND FINANCIAL COOPERATION, TECHNOLOGY, MEDICAL COOPERATION, AND CULTURE. THE ECONOMIC AND FINANCIAL COOPERATION WORKING GROUP HAS BEEN FURTHER BROKEN DOWN INTO SUBCOMMITTEES ON ECONOMIC DEVELOPMENT, AGRICULTURE, SUEZ RECONSTRUCTION, AND TRADE. THE STRATEGY OF OUR BILATERAL COMMISSION ACTIVITIES IS BASED ON EGYPT'S RELATIVE STRENGTHS IN MANPOWER, MANAGEMENT, AND DOMESTIC MARKET POTENTIAL. PROCEEDING FROM THIS BASE, THE U.S, WORKING ESPECIALLY THROUGH THE PRIVATE SECTOR, CAN PROVIDE TECHNOLOGY AND CAPITAL. COMMISSION ACTIVITIES ARE ALSO COORDINATED WITH THE PLANNED 250 MILLION DOLLAR AID PROGRAM.

C. ISRAEL - THE FIRST MEETING OF THE JOINT COMMITTEE FOR INVESTMENT AND TRADE IS SCHEDULED FOR NOVEMBER IN WASHINGTON. THREE OF THE FOUR SUBCOMMITTEES ESTABLISHED UNDER THE COMMITTEE STRUCTURE (CAPITAL INVESTMENT TRADE AND RAW MATERIALS) HAVE MET ONCE, AND A SECOND ROUND OF MEETINGS FOR ALL SUBCOMMITTEES (INCLUDING R&D, THE FOURTH) IS SCHEDULED FOR LATE OCTOBER. THE SCOPE OF THIS COMMITTEE, AS DEFINED BY THE ISRAELIS, IS NOT AS BROAD AS EITHER THE EGYPTIAN OR SAUDI COMMISSIONS. THE ISRAELIS BASICALLY SEE THE JOINT COMMITTEE AS A VEHICLE FOR INCREASING U.S. ECONOMIC ASSISTANCE IN THE FORM OF TRADE CONCESSIONS BECAUSE OF THE POLITICAL VULNERABILITY OF ASSISTANCE IN THE FORM OF GOVERNMENTAL LOANS AND GRANTS. THEY ALSO REGARD THE JOINT COMMITTEE, AS DO WE, AS A MANIFESTATION

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OF OUR CONTINUING SUPPORT DURING A PERIOD WHEN WE ARE INCREASING OUR TIES WITH THE ARAB COUNTRIES.

D. JORDAN - A JOINT U.S.-JORDANIAN COMMISSION WAS ESTABLISHED IN JUNE 1974 TO OVERSEE AND REVIEW ON A REGULAR BASIS THE VARIOUS AREAS OF COOPERATION BETWEEN THE TWO COUNTRIES IN THE FIELDS OF ECONOMIC DEVELOPMENT, TRADE AND INVESTMENT, MILITARY ASSISTANCE AND SUPPLY, AND

SCIENTIFIC SOCIAL, AND CULTURAL AFFAIRS. THE COMMISSION WILL GIVE ADDED IMPETUS TO U.S.-JORDANIAN COOPERATION IN THE DEVELOPMENT FIELD. JORDAN IS LOOKING FOR DETAILED U.S. HELP IN ITS ECONOMIC PLANNING AND IS MORE ACCUSTOMED THAN EITHER EGYPT OR SAUDI ARABIA TO DIRECT U.S. INVOLVEMENT.

E. IRAN - AN ANNOUNCEMENT WILL BE MADE REGARDING THE FORMATION OF A JOINT US-IRANIAN COMMISSION ON COOPERATION DURING THE SECRETARY'S VISIT TO IRAN IN EARLY NOVEMBER. THE JOINT COMMISSION WILL BE CHARGED WITH DEVELOPING MECHANISMS TO EXPAND THE EXISTING CLOSE AND MUTUALLY BENEFICIAL TIES BETWEEN THE TWO COUNTRIES IN POLITICAL, ECONOMIC, DEFENSE, CULTURAL, SCIENTIFIC, AND TECHNOLOGICAL FIELDS. THE COMMISSION WILL FOCUS ON THOSE AREAS IN WHICH WE CAN MEET PARTICULAR IRANIAN DEVELOPMENT NEEDS, AND WILL FACILITATE THE EXPANSION OF EXISTING CLOSE TIES.

F. INDIA - WE HAVE REACHED AN UNDERSTANDING WITH THE INDIAN GOVERNMENT ON THE DRAFT TEXT OF THE PROPOSED AGREEMENT FOR AN INDO-U.S. JOINT COMMISSION ON ECONOMIC, COMMERCIAL, SCIENTIFIC, TECHNOLOGICAL, EDUCATIONAL, AND CULTURAL COOPERATION. IT IS ANTICIPATED THAT THE SECRETARY WILL SIGN THIS AGREEMENT DURING HIS VISIT TO INDIA IN LATE OCTOBER. WE FORESEE WITHIN THE STRUCTURE A CONTINUING EXCHANGE OF VIEWS ON ALL ASPECTS OF OUR BILATERAL RELATIONSHIP AND A MECHANISM FOR EXPANDING OUR TIES, PARTICULARLY AMONG NONGOVERNMENTAL INSTITUTIONS. THE INDIANS' PRIMARY GOAL IS TO GAIN A HIGH-LEVEL FORUM FOR DISCUSSION OF THEIR PROBLEMS. THEY ARE NOT SEEKING A HIGH DEGREE OF U.S. INVOLVEMENT. COMMISSION MACHINERY WILL REVIEW PROGRAMS WITH A VIEW TO RECOMMENDING PRIORITIES, SUGGESTING SOLUTIONS, AND FACILITATING CONTACTS (PARTICULARLY AMONG NON-GOVERNMENTAL INSTITUTIONS).

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MENTAL INSTITUTIONS).

4. PRIVATE SECTOR

BECAUSE OF THE LACK OF PUBLIC SECTOR REQUIREMENTS, THE VARIOUS BILATERAL COMMISSION RELATIONSHIPS OUTLINED ABOVE ALL PRESUME, TO A GREATER OR LESSER DEGREE, THE INVOLVEMENT OF THE U.S. PRIVATE SECTOR. STRUCTURES ARE NOW BEING DEvised TO INCORPORATE PRIVATE SECTOR INPUT INTO THE COMMISSION FRAMEWORK.

5. IN GENERAL, THE NATURE AND DEGREE OF INVOLVEMENT OF THE U.S. BUSINESS COMMUNITY WILL DEPEND UPON THE PARTICULARS OF THE BILATERAL RELATIONSHIP, THE DESIRES OF THE RESPECTIVE PARTNERS, AND THE DEGREE OF EXISTING U.S. BUSINESS

INVOLVEMENT IN THE PARTNER'S ECONOMY. LEGAL CONSTRAINTS
SUCH AS ANTI-TRUST, CONFLICT-OF-INTEREST, AND ADVISORY
COMMITTEE REGULATIONS WILL BE A LIMITING FACTOR. KISSINGER

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